STATE OF GEORGIA
DEBT MANAGEMENT PLAN
FY 2011-2015

Financing and Investment Division,
Georgia State Financing and Investment Commission

Governor Sonny Perdue, Chairman

October 6, 2010

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Introduction

The State of Georgia (the "State") is one of only eight states currently rated triple-A by all three of the major bond rating agencies: Fitch Ratings, Moody's Investors Service and Standard & Poor's. The preservation of the triple-A rating is dependent on the State's financial position, financial management, moderate debt levels, and strong and responsive leadership to economic and financial challenges. A formal debt management plan is one of the useful tools for preserving the State's superior credit ratings and is helpful in determining the appropriate level of tax-supported debt to meet the State's needs for capital projects. This debt management plan (the "Plan") can be used to help the State make funding decisions to meet its highest priority capital project requirements while not exceeding debt affordability standards generally deemed important by the debt markets and rating agencies. This report provides information concerning the policies under which the State issues and manages its debt and also presents the Plan for fiscal years 2011 through 2015.

Overview of Debt Issuance

Georgia State Financing and Investment Commission

In November of 1972, the electorate of the State of Georgia approved a comprehensive amendment to the State of Georgia Constitution of 1945 (the "State Constitution"); the amendment permitted the State to finance its capital outlay needs directly through the issuance of general obligation debt. Prior to the adoption of this amendment, the State's capital outlay needs were met through the issuance of bonds by ten separate State authorities that were secured by lease rental agreements between the authorities and various State departments and agencies. The provisions of the 1972 amendment were implemented by the General Assembly in 1973 with the enactment of the Georgia State Financing and Investment Commission Act (the "Act").

Pursuant to the State Constitution and the Act, the Georgia State Financing and Investment Commission (the "Commission") is charged with the following responsibilities: the issuance of all public debt of the State, the proper application of the proceeds of such debt to the purposes for which it is incurred, the investment of all proceeds to be administered by it, and such additional responsibilities as provided by law. The Commission is comprised of seven members: Governor of the State of Georgia, President of the Georgia Senate, Speaker of the Georgia House of Representatives, State Auditor, Attorney General, Director of the Office of Treasury and Fiscal Services, and the Commissioner of Agriculture.

The Act created two distinct divisions--a Financing and Investment Division, and a Construction Division; each division is administered by a Director who reports directly to the Commission. The Commission is empowered by the Act to:

- Perform all services relating to the issuance of State debt;
- Invest and account for all proceeds derived from incurring general obligation debt or such other amounts as may be appropriated to the Commission for capital outlay purposes;
- Manage all other State debt issuance;
- Provide financial advisory assistance to State authorities and agencies regarding the issuance of debt; and,
- Acquire and construct projects for the benefit of any State agency or to contract with any such agency to acquire or construct projects.

Types of Debt

The State Constitution provides for the issuance by the State of both general obligation debt and guaranteed revenue debt. The full faith, credit and taxing power of the State is constitutionally pledged to the repayment of both of these types of public debt. During the legislative session each year, the General Assembly authorizes new general obligation debt to be issued by the State and/or guaranteed revenue debt to be issued by various authorities of the State. The State Constitution also provides for the issuance of revenue debt, which may be issued by certain State authorities as authorized by statute. Non-guaranteed revenue debt does not carry the backing of the full faith, credit and taxing power of the State, rather it is secured by revenues generated by the specific projects that are being funded.

General Obligation Debt

Purposes for which General Obligation Debt May be Issued

The State Constitution limits the use of general obligation debt to the following purposes:

(1) to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, structures, equipment, or facilities of the State, its agencies, departments, institutions, and of certain State authorities;

(2) to provide educational facilities for county and independent school systems and for public library facilities for county and independent school systems, counties, municipalities, and boards of trustees of public libraries or boards of trustees of public library systems; and,

(3) to make loans to counties, municipal corporations, political subdivisions, local authorities, and other local government entities for water or sewerage facilities or systems, or for regional or multi-jurisdictional solid waste recycling or solid waste facilities or systems.

For the first two purposes described above, the State Constitution limits the term of general obligation debt to 25 years. In practice, in order to match the useful life of the project with the debt issuance, the General Assembly typically approves the issuance of fixed-rate bonds with a 20-year final maturity for major construction and rehabilitation projects, or with a 5-year final maturity for minor repair projects and equipment needs. Beginning with the budget for fiscal year 2007, to fund several projects and major equipment, the General Assembly also has approved issuing bonds with a 10-year final maturity.

Authorization and Conditions for Issuance of General Obligation Debt

General obligation debt cannot be incurred unless the General Assembly first enacts legislation that states the purposes, in either general or specific terms, for which the general obligation bonds are to be issued, specifies the maximum principal amount of the bonds, and appropriates funds in an amount sufficient to meet the highest annual debt service requirements to amortize such bonds within a specified not to exceed time frame. Unless the bond authorizations are repealed by the General Assembly prior to the bonds being issued, appropriations made for debt service do not lapse for any reason and continue in effect until the debt for which the appropriation was authorized has been incurred.

The State Constitution requires that appropriations for debt service payments on all general obligation bonds be made to a special trust fund which is designated as the State of Georgia General Obligation Debt Sinking Fund (the "sinking fund"). The amount to be appropriated to the sinking fund must be sufficient to pay annual debt service requirements on all general obligation debt. The Constitution mandates that monies in the sinking fund shall be used solely for the retirement of general obligation debt.

As a safeguard against shortages in the sinking fund, the State Constitution provides that should the General Assembly fail to make sufficient appropriation to the sinking fund, or if, for any reason, the amount in the sinking fund is insufficient to make all required payments, the first revenues thereafter received in the general fund of the State, to the extent necessary to cure the deficiency, are to be set aside and deposited into the sinking fund by the appropriate fiscal officer.

Guaranteed Revenue Debt

Purposes for which Guaranteed Revenue Debt May be Issued

Guaranteed revenue debt is revenue debt which has been issued by an instrumentality of the State and for which the State has guaranteed the payment of the revenue obligations. The State Constitution limits the use of guaranteed revenue debt to the following purposes:

- toll bridges or toll roads,
- land-based public transportation facilities or systems,
- water facilities or systems,
- sewage facilities or systems,
- loans to, and loan programs for, citizens of the State for educational purposes, and
- regional or multi-jurisdictional solid waste recycling or solid waste facilities or systems.

The amount of guaranteed revenue debt that may be issued to fund water or sewage treatment facilities or systems, and to make loans for educational purposes, is further limited by the State Constitution as follows:

> "No guaranteed revenue debt may be incurred to finance water or sewage treatment facilities or systems when the highest annual debt service requirements for the then current year or any subsequent fiscal year of the State for outstanding or proposed guaranteed revenue debt for water facilities or systems or sewage facilities or systems exceed 1 percent of the total revenue receipts

less refunds of the State treasury in the fiscal year immediately preceding the year in which any such debt is to be incurred," and

"The aggregate amount of guaranteed revenue debt incurred to make loans for educational purposes that may be outstanding at any time shall not exceed $18 million, and the aggregate amount of guaranteed revenue debt incurred to purchase, or lend or deposit against the security of, loans for educational purposes that may be outstanding at any time shall not exceed $72 million."

Authorization and Conditions for Issuance of Guaranteed Revenue Debt

Prior to incurring guaranteed revenue debt, legislation must be enacted by the General Assembly and signed into law by the Governor authorizing the guarantee of the specific issue of revenue obligations being proposed. The General Assembly must determine conclusively that such obligations will be self-liquidating over the life of the issue, specify the maximum principal amount of such issue, and appropriate an amount at least equal to the highest annual debt service requirements for the bond issue.

In addition, a special trust fund designated as the State of Georgia Guaranteed Revenue Debt Common Reserve Fund (the "common reserve fund") must be established into which the appropriations are paid at the time guaranteed revenue bonds are issued. This trust fund provides a common reserve for any payments required by virtue of the State guarantee made in connection with all issues of guaranteed revenue obligations. Appropriations made for the benefit of guaranteed revenue debt do not lapse for any reason; the appropriations continue in effect until the debt for which such appropriation was authorized has been incurred. However, any such appropriation may be repealed prior to payment having been made into the common reserve fund.

If revenues pledged to the payment of the guaranteed revenue bonds are not available to meet debt service requirements and debt service payments are then required to be made from the common reserve fund, the common reserve fund must be reimbursed from the State's general fund within 10 days after the start of the next fiscal year. However, the requirement to reimburse the common reserve fund for any payment is subordinate to the obligation to make sinking fund deposits for the benefit of general obligation debt.

While the State Constitution requires that the amount to the credit of the common reserve fund at all times be at least equal to the aggregate highest annual debt service requirements on all guaranteed revenue obligations, the State Constitution also provides that any excess funding in the common reserve fund at fiscal year end is to be transferred to the State's general fund.

Currently there are four issues of revenue bonds by State authorities which have been guaranteed by the State, for which there remain outstanding bonds (there currently are no authorized but unissued guaranteed revenue bonds):

- Georgia Environmental Facilities Authority ("GEFA") Series 1997
- State Road and Tollway Authority ("Georgia 400 Project") Series 1998
- State Road and Tollway Authority ("SRTA") Series 2001
- State Road and Tollway Authority ("SRTA") Series 2003

The aggregate amount of currently outstanding guaranteed revenue bonds is $505,990,000. The GEFA Series 1997 ($8,220,000 outstanding) has a final maturity in fiscal year 2012; the SRTA Series 1998, Series 2001 and Series 2003 bonds (total of $497,770,000 outstanding) have a final maturity in fiscal year 2024.

Revenue Debt

Purposes for which Revenue Debt May be Issued

Certain State authorities (and other State and local entities) are authorized by the "Revenue Bond Law" to issue revenue bonds for various revenue-producing undertakings. In addition, the enabling legislation of various State authorities authorizes the issuance of revenue bonds for projects specific to that authority's mission. Since revenue bonds are not tax-supported and there is no State guarantee, the issuance of such bonds by State authorities does not directly affect the State's debt burden or debt capacity. All State authorities are required to request and receive permission from the Commission before issuing revenue debt or otherwise engaging in any debt financing including lines of credit for operating cash flow purposes. Following is a brief summary of those authorities which have revenue bonds currently outstanding--no State authorities have entered into swaps relative to their financings. (See tables of "Outstanding Revenue Debt for State Authorities" included herein for debt service schedules.)

- The Georgia Development Authority ("GDA") is authorized to issue revenue bonds or borrow money (there is no statutory limitation) for the purpose of assisting agricultural and industrial interests by providing credit and servicing functions and to encourage financial institutions in the lending of money for those purposes. GDA has approximately $9.268 million of bank loans and notes, $437,747 of a bank line of credit; GDA has outstanding approximately $94.15 million of guaranteed mortgage loans.
- The Georgia Environmental Facilities Authority ("GEFA") is authorized to issue bonds (formula determined maximum allowed, see Official Code of Georgia Annotated 50-23-19) to finance environmental facilities for itself or for local governments. Currently GEFA's only outstanding bonds are the $8.220 million of guaranteed revenue bonds as cited in the preceding section, which have a final maturity in fiscal year 2012.
- The Georgia Higher Education Facilities Authority ("GHEFA") is authorized to issue bonds to finance self-supporting capital projects for the Board of Regents of the University System of Georgia ("USG") and the Technical College System of Georgia. GHEFA is authorized to have outstanding at any point in time a maximum of $300 million of bonds--currently there are $294.915 million of bonds outstanding. The outstanding bonds have financed seventeen projects at fourteen separate USG institutions throughout the state.
- The Georgia Housing and Finance Authority ("GHFA") is authorized to issue bonds and notes for the purpose of facilitating economic development; the improvement of public health, safety, and welfare; and for other public purposes, including healthcare services. GHFA shall not have at any one time more than $1.47 billion bonds and notes ($1.3 billion of which is applicable to GHFA's single family residential housing program), excluding refunding bonds and notes. GHFA's currently outstanding total of $959.265 million bonds is entirely for its single family residential housing program.
- The Georgia Ports Authority ("GPA") is authorized to issue bonds and notes (there is no statutory limitation) for the purpose of constructing or improving self-liquidating port projects for its Savannah, Brunswick, or Bainbridge port facilities. GPA currently has

outstanding $54.575 million bonds, all of which currently pay interest in a variable rate mode.

- The Georgia World Congress Center Authority ("GWCCA") is authorized to issue revenue bonds for multi-purpose stadiums and coliseums and other ancillary facilities. GWCCA is authorized to have no more than $200 million bonds outstanding at any one time, excluding refunding bonds; currently GWCCA has $121.810 million revenue bonds outstanding for its Georgia Dome facility in Atlanta.
- The Lake Lanier Islands Development Authority ("LLIDA") is authorized to issue revenue bonds and borrow money (there is no statutory limitation) for the purpose of improving, developing, and promoting the islands in Lake Lanier. LLIDA issued $10,000,000 revenue bonds in 2008 for roadway and other capital improvements and also borrowed funds from GEFA ($15,000,000 initial loan amount) for making sewerage system improvements. GEFA will capitalize the accrued interest on the drawn funds into the permanent loan which will have a fifteen year amortization schedule.
- The State Road and Tollway Authority ("SRTA") is authorized to issue revenue bonds (there is no statutory limitation) for self-liquidating land public transportation systems (roads, bridges, etc) and projects. SRTA currently has outstanding $1,914,620,000 of bonds comprised of six separate issues of bonds. Three of the outstanding issues are the guaranteed revenue bonds cited in the previous section and there are three issues of GARVEE bonds, which will be discussed more thoroughly in a later section. GARVEE bonds are secured solely by future Federal highway grant revenues and reimbursements received by the State; GARVEE bonds do not have any explicit or implied guarantee by the State of the debt service payments. The impact of GARVEE debt is discussed in greater detail in a later section.

Authorization and Conditions for Issuance of Revenue Debt

Prior to the issuance of authority revenue bonds, a resolution of the appropriate State Authority's governing body must be adopted requesting that the Commission authorize the debt, as outlined in the Commission's debt policy entitled "State Authorities Debt Issuance Approval Policy and Underwriter Selection Procedures." This policy requires that prior to issuance, any public offering or private placement of Authority debt must secure a minimum bond rating of one letter grade below the State's general obligation bond rating from at least one of the nationally recognized bond rating agencies. This rating may be accomplished on the Authority's own credit, through the purchase of bond insurance, or a bank letter of credit. (Exceptions to the rating requirement were made by the Commission for GHEFA bond issues in 2008 and 2009 following the ratings' downgrade of the major bond insurance companies and lack of economic value of bond insurance, generally.) Upon receiving the Commission's approval, the State Authority may proceed with its planned bond issue, as outlined in the policy.

Public University Foundation Debt

There have been approximately 130 projects funded by bond issues by local authorities for foundations associated with the State's colleges and universities—currently approximately $3.0 billion of foundation revenue bonds (GHEFA bonds excluded) are outstanding. Proceeds of these bond issues have been used to construct or acquire various types of projects at the colleges and universities, such as student housing, research facilities, office buildings, parking, and student activity facilities, which is then leased by the foundation to the Board of Regents on an annually renewable basis. Most of the projects generate revenues (such as housing fees), or the Board of Regents has adopted "dedicated" student fees (such as student activity or parking fees), that provide operating revenues which are designed to provide for the annual lease payment. Each fiscal year, upon renewal of the lease, the lease payment becomes a legal and binding obligation of the Board of Regents and is secured by the entirety of the financial resources of the Board of Regents for that year. In accordance with the requirements of GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, the State has determined that seventeen higher education foundations and similar organizations meet the criteria for a discretely reported component unit; therefore the financial information for those foundations is discretely presented in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Historically, the three major rating agencies have indicated that for their calculations of debt ratios, university foundation liabilities for revenue bonds would not be considered debt of the State and would not be included in the calculation of net tax supported debt of the State. The foundation debt is not included in this Plan since the leases are on an annually renewable basis. Liabilities for revenue bonds payable are reported in the combining statement of net assets for nonmajor component units in the State's Comprehensive Annual Financial Report in accordance with GASB 39.

Capital Leases

The State occasionally acquires certain property and equipment through leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with O.C.G.A. 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriations by the General Assembly are considered noncancellable for financial reporting purposes. As of June 30, 2009, future commitments for leases currently considered to be capital leases for governmental activities equaled $4.3 million. Due to the statutory restrictions applicable to these capital leases, however, they are not included as debt obligations in the debt management plan.

Use of Variable Rate Debt

In December 2006, the State issued $300 million in general obligation variable rate debt with a standby bond purchase agreement liquidity facility. As of September 30, 2010 there was $280,780,000 of variable rate bonds outstanding. These bonds were issued in a weekly interest rate reset mode and they have remained in that mode—the maximum interest rate is 9%. The bonds were rated "tripleA" by all of the rating agencies and each also rated the short-term aspect of the bonds in their highest possible category. The primary benefit to the State of utilizing the variable rate debt method is that the State could lower its cost of funds since variable rates generally are at the lowest point on the yield curve. The State maintains an ongoing monitoring and evaluation process for its variable rate bonds; to date the average interest rate has been approximately 210 basis points lower than if the debt had been issued as fixed rate bonds.

The use of variable rate debt introduces an element of interest rate risk into the debt portfolio. The potential savings, however, should justify the exposure provided the risk is minimized by limiting the amount of the variable rate debt to a maximum of approximately 15% to 20% of total debt (the approximately $281 million of variable rate debt that currently is outstanding is less than 3.5% of the State's outstanding debt) or possibly mitigating the risk by using hedging tools such as interest rate caps, or swaps, where appropriate. At this point in time, and given interest rate expectations for the near term, there are no plans for the State to enter into any caps or swap contracts for its variable rate bonds. Although there is slightly more administrative burden and other ongoing costs (e.g. remarketing fees, liquidity facility fees, and rating maintenance fees) associated with variable rate bonds than with fixed rate bonds, these costs are more than offset by the debt service savings.

During fiscal year 2009, the credit markets generally, and the variable rate market specifically, experienced severe disruptions following the bankruptcy of Lehman Brothers, a major Wall Street investment banking firm, which also served as remarketing agent on one of the sub-series of the State's variable rate bond issue. (Upon the bankruptcy filing, the State immediately replaced Lehman Brothers with another remarketing agent for that sub-series of bonds.) In September and October of 2008 short-term interest rates spiked and coincidentally the rating for Dexia Credit Locale, the bank which provides the standby bond purchase agreement liquidity facility on the State's variable rate bonds, was downgraded—for seven consecutive weeks the rate on Georgia's variable rate bonds remained above 4%. By November 2008, however, the weekly reset rate had dropped to below 3%; since mid-January 2009 the rate has been below 1%, even lower than before the market disruptions occurred in September 2008.

Other Market Exposure

The State has just over $624 million exposure in securities lending on a limited basis, which is less than 6% of the total assets managed by the State's Office of Treasury and Fiscal Services. This exposure is only in the long-term portfolios.

The State has not issued any auction rate securities, no guaranteed investment contracts for bond proceeds, and has not entered into any derivative transactions. In addition the State does not issue tax or revenue anticipation notes.

Management of Bond Funded Projects

Management

Departmental responsibility for completion of projects on a timely schedule following receipt of bond proceeds, as well as compliance with Federal Tax Code requirements regarding tax-exempt bonds and arbitrage regulations, continue to be emphasized by the Commission and the State's Chief Financial Officer. The Boards of agencies and authorities receiving bond funds are required to adopt resolutions addressing the major tax-exempt financing requirements, including specific references to the five percent expenditure requirement within six months, the eighty-five percent expenditure requirement within three years, and completion of projects within five years of the issuance of the tax-exempt bonds.

6 Months: 5% Expenditure Requirement	→	3 Years: 85% Expenditure Requirement	→	5 Years: Completion of Project

Commission staff continuously monitors the spend-down of projects and submits reports to the Commission at critical mileposts. Agencies that have not met spend-down guidelines are required to report on the status of the projects and also to detail the corrective action that they will be implementing to become compliant with respect to the next expenditure requirement.

Project Selection

At the beginning of each fiscal year, Commission staff solicits input from agencies that have been appropriated bond proceeds regarding a bond issuance schedule for that fiscal year. For major projects, agencies are asked to split their funding requests into separate phases for planning/programming/design and construction, with the planning phase funded first and the construction phase funded in a subsequent issue of bonds. Agencies also are asked to request their preferred timing for bond project funding; these requests are aggregated and a proposed issuance schedule is developed. To the maximum extent possible, future State capital projects will be selected for bond issuance using "readiness" criteria (in addition to market and financial considerations) to help ensure that projects are completed on a timely basis and to avoid potential difficulties with meeting the expenditure requirements for tax-exempt bonds.

Excess Bond Proceeds

It is the intention of the Commission to prevent unexpended funds from remaining in completed project accounts and to be in compliance with all Federal Tax Code requirements regarding tax-exempt bonds. To this end, whenever surplus funds are identified, they are considered for redirection based on a number of factors including original intent of the appropriation, age of the funds, ease of transfer to other qualified projects, etc. An agency desiring to redirect funds from one approved bond project to another project of that agency may request redirection approval. Also, for those active projects which experience difficulty with meeting the timely expenditure requirements cited above, the State has implemented a "compliance exchange" process. In these instances, older bonds are exchanged for newer bonds between an older project which is in danger of not meeting the expenditure requirements and a newer project that is expending bond funds at a pace exceeding the various expenditure requirements. In this manner, the federal regulations regarding tax-exempt bond expenditure requirements are met and potential non-compliance issues are avoided.

Debt Affordability

The Plan will guide the State in raising sufficient capital necessary to meet the infrastructure needs of the State without jeopardizing its triple-A ratings or adversely affecting the marketability of its bonds. With the State's existing constitutional debt limits, the control of debt issuance by the Commission, and the State's fiscally conservative leadership, the development of prudent debt capacity and affordability guidelines provides a sound basis for incorporating the issuance of debt into the capital project budgeting process.

Constitutional Debt Limit

The State Constitution limits the amount of debt that may be issued by restricting the level of debt service payments for which the State may be obligated. Specifically, additional general obligation and guaranteed revenue debt may not be incurred whenever the highest aggregate annual debt service requirements for the current year or any subsequent year exceed 10 percent of the prior year's total treasury receipts.

Affordable Debt Capacity

The Plan helps to ensure the availability of funding for necessary capital projects required to meet the State's future needs and is a prudent method of maintaining an acceptable balance between the State's demand for capital and the ability and willingness of the State to repay additional debt. Appropriate targets for debt issuance, based on the State's growth experience and expectations and the financial resources available to meet its debt obligations, provide assurance that additional debt is authorized at prudent levels.

There is no specific formula, however, for determining the maximum amount of debt that should be issued by the State in any particular year. Many factors must be considered including the State's current and projected program and capital funding needs, revenue projections, fund balances and an overall plan for managing the budget. A debt management plan also should take into account the concept of debt affordability in determining the maximum amount of tax-supported debt that the State can afford to issue without jeopardizing its ratings. It is recognized that any model for determining debt affordability will be dependent upon the reasonableness of economic forecasts and the resulting impact on the State's financial resources.

A debt management plan is best utilized in conjunction with a capital budgeting plan for a five-year period. Utilizing the Plan in association with the capital budget should provide policy makers with sufficient information to make informed funding decisions regarding the State's ability to finance expected capital improvements.

Rating Agency Considerations

Due to the economic and financial diversity among the 50 states, the credit markets rely heavily on the three major rating agencies to analyze the factors affecting each borrower's ability to meet its debt obligations. Each rating agency assigns credit ratings to debt issues as a means of distinguishing credit quality. Due to the high degree of importance attributed to ratings by investors, each issuer's ratings have a major impact on the marketability of its bonds and the interest rates necessary to generate investor demand in the issuer's debt issues. 'AAA' rated credits are "rewarded" in the market-place by being able to sell their debt at the lowest possible interest rates at any given point in time. An unexpected benefit of the 'AAA' ratings was demonstrated during the credit market disruptions of fiscal year 2009 when the higher rated credits were able to re-access the market sooner and in greater amounts than lower rated credits.

Rating agencies incorporate into their rating decisions trends relating to an issuer's debt burden, revenue base, fund balances and economic base, as well as a comparison of actual fiscal experience versus budgets over a three- to five-year period.

While specific criteria varies somewhat among the three rating agencies, the overall rating analysis generally takes into account four primary factors:

- debt burden as measured by ratios,
- quality and strength of a state's economic base,
- fiscal management, and
- financial performance.

Existing tax supported debt burden is an important factor in the determination of a state's credit rating. Credit analysts usually calculate four ratios to use as measurements of debt burden. These four ratios are discussed in detail in a later section of the report. Credit analysts also look for diversity and growth potential of the economic base to generate sufficient revenues to consistently meet program needs and to repay all debt obligations.

When analyzing fiscal management, analysts compare fiscal results with budgets and plans. Such comparisons over time serve as an indicator of the effectiveness of fiscal management. Another criterion of sound fiscal management is the existence of policies and procedures allowing a state to maintain control over debt issuance.

Financial performance is a result of both the quality of a state's management and economic performance. One indicator of financial performance is a state's ability to adjust to meet revenue shortfalls due to unexpected economic downturns. Another gauge of a state's fiscal management and financial performance is its ability to establish and maintain reasonable reserves to cushion the effects of unexpected events, and to rebuild those reserves in a timely manner subsequent to their use.

The following are excerpts from credit reports released in November 2009 for the State's Series 2009F/G/H General Obligation Bonds:

> *FitchRatings:* "The 'AAA' rating is the result of Georgia's conservative debt management, consistent maintenance of sound finances, and a diversified and growing economy... Ratios are growing but remain moderate… State and teacher pension systems are well funded...."

> *Moody's Investors Service:* "The highest-quality rating reflects Georgia's conservative fiscal management, moderate debt burden, well-funded pensions, and strong reserves. Strengths include conservative financial practices and history of quick response to budgetary pressures; rebuilding financial reserve levels in recent years; well-funded employee pensions; and above-average job creation, diverse economic base and favorable demographic trends."

> *Standard & Poor's:* "Georgia's 'AAA' rating reflects: An economy that has exhibited sound employment growth over the past two years but is expected to experience a slowdown in growth over the next two years…; a history of making difficult decisions to restore fiscal balance, enhanced by strong financial monitoring and oversight; revenue growth which, although currently expected to fall short of budget, has historically been strong and in excess of budgeted amounts;

and budgetary reserves that are at an historic high and provide some cushion to the state's finances to help offset revenue shortfalls projected for fiscal years 2008 and 2009...."

Build America Bonds

In April 2009 the American Recovery and Reinvestment Act ("ARRA") was approved by Congress and signed into law by the President. ARRA created several new categories of bonds--the most significant of these was designated as Build America Bonds ("BABs"). BABs are taxable bonds (for federal tax purposes) rather than tax-exempt bonds; however, the federal government pays a subsidy equaling 35% of the interest payments on the bonds directly to the issuer of the bonds. (Note, the issuer instead may elect to have the subsidy paid directly to the investor, although to date there are no known instances of this election having been chosen by the issuer of the bonds.) This has allowed issuers of BABs to access a class of investors outside of the traditional tax-exempt bond investors and to achieve a lower cost of financing than otherwise possible with traditional tax-exempt bonds. In November 2009 the State issued its first ever issue of general obligation bonds designated as BABs--$523,450,000 General Obligation Bonds, 2009H (Federally Taxable Build-America Bonds – Direct Pay), in conjunction with $179,925,000 General Obligation Bonds, 2009G tax-exempt bonds, to fund $703,375,000 of twenty-year bonds for authorized projects. For the combined issue, the tax-exempt bonds portion was structured to mature in years 1 through 7 while the BABs portion was structured to mature in years 8 through 20, with the result being a financing that achieved a true interest cost of 2.998% for the twenty year bonds. The State estimates that this will result in interest savings exceeding $50 million over the life of these bonds as opposed to if the State had issued the entire bond issue as traditional tax-exempt bonds.

For future bond issues, the State will evaluate issuing BABs to achieve interest rate savings for as long as the BABs program continues to be in effect. The BABs program is scheduled to expire at the end of calendar 2010, but Congress currently is considering an extension for the program.

Measuring Debt Burden

When calculating indebtedness, municipal credit analysts use measures that take into account all debt supported or serviced by an issuer's tax revenues. Such debt is known as net tax-supported debt. For the State, net tax-supported debt includes all general obligation debt and guaranteed revenue debt, but does not include any revenue bonds not supported by any direct or implied guarantee of the State. Guaranteed revenue debt is included in the calculation of net tax-supported debt because the revenues which are pledged (e.g. motor fuel taxes for State Road and Tollway Authority debt) for repayment of the debt are included in the State's net revenues. Revenue bonds which are issued by an instrumentality of the State, but which do <u>not</u> carry the State's guarantee, are not included in the calculation of the State's net tax-supported debt. The issuance of these bonds, however, requires prior approval by the Commission; such approval is granted only after careful scrutiny of the dedicated revenue stream that respectively supports these issues. Also, these revenues are not included in the State's net revenues.

The following table summarizes the State's issued principal amounts, including the net effect of refunding bonds, as of June 30, 2010; additionally, there were $580,450,000 general obligation bonds authorized which remained to be issued, inclusive of bond deauthorizations approved in the fiscal year 2011 appropriations act (HB948) by the General Assembly.

	Total Original Principal Issued	Outstanding Principal
General Obligation Debt	$19,310,840,000	$8,630,635,000
Guaranteed Revenue Debt	859,640,000	520,295,000
Total State Obligations	$20,170,480,000	$9,150,930,000

Four debt ratios are used to measure debt burden. These debt ratios provide a means to monitor the relative debt burden level for the State over a period of years and also provide a method of comparison of debt burdens among the various states.

Debt per Capita = $\frac{\text{Net Tax-Supported Debt}}{\text{State's Population}}$

Debt as Percent of Personal Income = $\frac{\text{Net Tax-Supported Debt}}{\text{Total Personal Income of the State's Population}}$

Debt Service as Percent of State Net Revenues = $\frac{\text{Annual Debt Service Requirement}}{\text{Net Revenues of the State}}$

Debt as Percent of Full Valuation of Assessed Property = $\frac{\text{Net Tax-Supported Debt}}{\text{Full Valuation of All Taxable Property}}$

Credit analysts also examine the rapidity of debt repayment ratio. This measure shows how much of an issuer's total long term debt is retired after 5 and 10 years. Analysts use a standard for this ratio of 25 percent retired in 5 years and 50 percent retired in 10 years as being more favorable than slower amortizations. The rating agencies favorably recognize the State's rapidity of debt repayment ratios (see "Historical Debt Ratios" chart later in the report).

Determination of Appropriate Measures for Georgia

Although there is no formula which can determine precisely the optimal amount of tax-supported debt necessary to meet the State's capital funding needs while assuring that the triple-A debt ratings are preserved, the State has determined that the following three debt ratios provide the best measures of debt burden: (i) debt to personal income, (ii) debt service to state net revenues and (iii) debt per capita. These three ratios can be used to establish a reasonable level of debt that the State can support without undermining its ratings or its ability to meet other funding needs. (In the State's case, debt as a percent of full valuation is less useful as a measure of debt burden, since the State derives less than 0.5 percent of its revenues from property taxes--historically the debt as a percentage of full valuation of assessed property ratio has been approximately 1 percent.) Using these three debt ratios in conjunction with a capital plan and maintaining debt levels within an affordable debt capacity should provide reasonable assurance that new debt issuance would not be cause alone for a reduction in the State's credit ratings.

- **Debt as Percent of Personal Income**: Since a large percentage of State revenues are generated by taxes on individual income and spending, there is a strong correlation between the State's ability to meet its debt obligations and the total personal income of the citizens of the State. Therefore, debt as a percent of personal income is a good ratio to use as an indication of debt burden.

- **Debt Service as a Percent of State Net Revenues**: This ratio is a particularly useful method of gauging the debt burden of the State since this ratio indicates the budgetary impact on the State in meeting its annual principal and interest payments on total tax revenue supported debt. (Further, the State Constitution requires that the maximum annual debt service not exceed 10% of the total revenue receipts, less refunds, of the State treasury in the fiscal year immediately prior, for the issuance of any additional general obligation debt.)

- **Debt per Capita**: This ratio is helpful in assessing the relative magnitude of an issuer's debt position compared to other issuers and the State debt burden upon the citizens of the State.

These three ratios have been incorporated into the Plan to allow the State to closely monitor these and other factors affecting the State's debt position. It is vital that the Plan establish reasonable levels for these three debt ratios as well as ensuring that the State remains below the maximum allowable debt limit as established by the Constitution: "No debt may be incurred ... at any time when the highest aggregate annual debt service requirements for the then current year or any subsequent year for outstanding general obligation debt and guaranteed revenue debt, including the proposed debt, and the highest aggregate annual payments for the then current year or any subsequent fiscal year of the state ... exceed 10 percent of the total revenue receipts, less refunds of the state treasury in the fiscal year immediately preceding the year in which any such debt is to be incurred" [Article VII. Section IV. Paragraph I.(b)].

Further, as the State has issued $1.65 billion in GARVEE bonds since fiscal year 2008 to address transportation infrastructure needs and may utilize GARVEE bonds for that purpose in the future, it also is prudent to analyze the impact that GARVEE debt will have on the State's debt burden. However, GARVEE bonds are secured solely from federal highway grant revenues and reimbursements and do not have a back-up pledge of the full faith and credit of the State or any other State funds—they are neither general obligation debt or guaranteed revenue debt of the State.

Historically, the State has utilized the planning levels shown below for the three debt ratios in the Plan. However, the recession which started in 2008 resulted in dramatically reduced state treasury receipts and as a result it is projected that the "Debt Service to Prior Year Revenues" ratio will exceed the prior planning levels for several years. (See **"Debt Ratio Results"** herein.) The Plan anticipates that setting new authorizations for general obligation debt in the range of $800 million per year during the fiscal year 2012 through fiscal year 2015 timeframe, coupled with projected growth of state treasury receipts, will result in this ratio returning to an amount below the planning level in fiscal year 2014 and equal to the planning level in fiscal year 2015. This is the only ratio that is expected to exceed the planning level during the timeframe of the Plan.

Debt Ratio Planning Level	Without GARVEEs	With GARVEEs
Debt Service to Prior Year Revenues	7.0%	8.0%
Debt to Personal Income	3.5%	4.0%
Debt per Capita	$1,200	$1,500

Trend in State Debt Ratios

Below is a historical comparison of the State's net tax-supported indebtedness and debt ratios.

Historical Debt Ratios

Fiscal Year Ended June 30	Debt Outstanding ($ millions)	Debt as % of Personal Income	$ Debt per Capita	Debt as % of Estimated Full Value	Debt Service as % of Prior Year Receipts	% of Debt Retired in 5 Years	% of Debt Retired in 10 Years
2006	7,524.7	2.6	829	0.9	5.7	40	69
2007	8,259.5	2.7	876	1.0	6.1	39	67
2008	8,444.1	2.6	886	0.9	5.7	38	67
2009	9,115.5	2.8	939	0.9	5.6	37	66
2010	9,150.9	2.7	909	0.9	6.7	38	67

Source: Various Official Statements for State of Georgia General Obligation Bonds

In the period fiscal years 2006 through 2010 the net amount of debt outstanding increased by 22 percent while the 'Debt as % of Personal Income' ratio increased only slightly. The ratio 'Debt Service as % of Prior Year Receipts' declined slightly over the same time period. While the ratio for rapidity of debt payment declined nominally over this period, it remains considerably faster than the standard used by rating analysts of 25 percent of debt retired in 5 years and 50 percent retired in 10 years. The rating agencies have noted that borrowing in the past few years has increased in response to population growth and economic development, but that ratios remain very moderate. The State's debt burden has been steady relative to other states and to in-state personal income; also, amortization of debt to be retired within ten years is rapid.

Comparison of Debt Burden to Other Triple-A States

Georgia continues to be one of eight states currently rated triple-A by each of the three major rating agencies. To validate the reasonableness of its own target debt ratios for the Plan, Georgia has compared its ratios to those of its ratings peer group—the triple-A rated states. The following table presents the debt ratios for the triple-A states, the group median and average, and also the 50-state median and average. As shown in the table below, Georgia is close to the triple-A average in all of the categories.

Comparison of Debt Ratios for Triple-A States						
State	Net Tax-Supported Debt Per Capita (1)	Ranking Among 50 States (1)	Net Tax-Supported Debt as a % of 2008 Personal Income (1)	Ranking Among 50 States (1)	Percent FY2009 Debt Service to Prior Year Revenues (2)	Debt to Full Value (2)
Georgia	**$1,120**	**21**	**3.3%**	**19**	**5.7%**	**0.9%**
Delaware	2,489	6	6.2	6	5.8	1.2
Iowa*	73	49	0.2	48	0.1	Na
Maryland	1,608	14	3.4	18	6.0	1.2
Missouri	780	31	2.2	33	2.6	1.3
North Carolina	765	32	2.3	31	3.78	1.0
Utah	957	24	3.2	21	5.4	0.5
Virginia	895	29	2.1	35	3.9	0.89
Triple-A Median	926	na	2.8	na	5.4	1.0
Triple-A Average	1,086	na	2.9	na	4.7	1.0
50-State Median	936	na	2.5	na	na	na
50-State Average	1,297	na	3.2	na	na	na

(1) Compiled from Moody's Investors Service, 2010 State Debt Medians.
(2) Compiled from FY2009 Comprehensive Annual Financial Reports and various official statements.
* Iowa attained triple/triple-A rating status as a result of rating agency recalibrations in April 2010.

Economic and Demographic Projections

The State's economist has projected Treasury Receipts, personal income, and assessed and actual valuation of taxable property; the Governor's Office of Planning and Budget has estimated the future population of the State. These projections are summarized in the table below.

Economic and Demographic Projections								
Fiscal Year	Treasury Receipts ($ millions)	% Growth	Personal Income ($ billions)	% Growth	Population (millions)	% Growth	Estimated Full Value ($ billions)	% Growth
2011	17,805	7.5	346	3.6	10.263	1.9	1,080	3.0
2012	18,164	2.0	365	5.5	10.460	1.9	1,112	3.0
2013	19,053	4.9	387	6.0	10.661	1.9	1,146	3.0
2014	19,588	2.8	412	6.5	10.867	1.9	1,180	3.0
2015	20,399	4.1	433	5.1	11.077	1.9	1,215	3.0

Debt Issuance Projections

During its 2010 legislative session, the General Assembly deauthorized $2,035,000 of previously authorized but unissued bonds leaving a total of $580,450,000 of authorized, unissued general obligation debt to be carried over into fiscal year 2011. (There is no authorized, unissued guaranteed revenue debt.) For fiscal year 2011, the Governor vetoed several projects authorized by the General Assembly in the annual appropriations bill (HB948), approving new bond authorizations totaling $858,125,000. Debt issuance projections through 2015 are summarized in the table below.

Debt Issuance Projections
(thousands)

General Obligation Bonds Issued*	**FY 2011**	**FY 2012**	**FY2013**	**FY2014**	**FY2015**
Authorizations From Prior Years	$580,450	$250,000	$ -	$ -	$ -
New 5 Year Bond Authorizations	123,170	100,000	100,000	100,000	100,000
New 10 Year Bond Authorizations	50,725	-	-	-	-
New 20 Year Bond Authorizations	234,230	700,000	700,000	700,000	700,000
New 20 Year Bond Authorizations (Motor Fuel)	200,000	-	-	-	-
Total Projected Issuances	$1,188,575	$1,050,000	$800,000	$800,000	$800,000

* This table also incorporates an assumption that $250 million of (20 year) authorized bonds will be carried over from fiscal year 2011 to fiscal year 2012 and issued during fiscal year 2012, but that all bonds authorized for fiscal years 2013 thru 2015 will be issued during the fiscal year in which they are authorized.

Based on the existing debt, scheduled debt retirement and projected debt issuance, the following table summarizes the projected debt outstanding for each year through fiscal year 2015 and the projected highest annual debt service in each year.

(Thousands)	**2011**	**2012**	**2013**	**2014**	**2015**
Debt at Beginning of Year	$9,150,930	$9,562,555	$9,808,145	$9,814,145	$9,833,295
G.O. & G.R.B. Issuances	1,188,575	1,050,000	800,000	800,000	800,000
Scheduled/Early Retirements	(776,950)	(804,410)	(794,000)	(780,850)	(815,980)
Debt Outstanding at End of Fiscal Year	9,562,555	9,808,145	9,814,145	9,833,295	9,817,315
Highest Annual Debt Service (Issued and Unissued)	1,303,097	1,327,873	1,327,935	1,321,789	1,363,910

Debt Issuance Modeling Assumptions

In analyzing debt issuance levels for the Plan period, the State has made the following assumptions regarding interest rates:

Budgeted and Projected Interest Rates for General Obligation Debt

	2011	2012	2013	2014	2015
5 Year G.O. Bonds	5.25%	5.25%	5.25%	5.25%	5.25%
10 Year G.O.Bonds	5.25%	5.25%	5.25%	5.25%	5.25%
20 Year G.O. Bonds	6.00%	6.00%	6.00%	6.00%	6.00%

Timing of Debt

The Plan recognizes that there will be carryover from fiscal year 2010 into fiscal year 2011 of $580,450,000 of authorized but unissued general obligation bond debt. Also, the Plan recognizes fiscal year 2011's approved new authorizations of $858,125,000 meaning that at the start of the fiscal year there will be a total of $1,438,575,000 of authorized but unissued general obligation bond debt. The Plan forecasts that $250,000,000 authorized but unissued general obligation bond debt will be carried over from fiscal year 2011 into fiscal year 2012. It is anticipated that there will be no carryover of authorized but unissued general obligation bond debt from fiscal year 2012 to 2013, fiscal year 2013 to 2014 or from fiscal year 2014 to 2015. All future debt issuances are assumed to be issued during the first half of the fiscal year, resulting in payment of a half year's interest in the fiscal year of issuance, and the first principal payment occurring the following fiscal year.

Principal Amortization

The model reflects level annual debt service payments over the life of the bonds.

Debt Ratio Results

The previously mentioned economic and demographic assumptions combined with the above modeling assumptions, results in the following debt ratios in future years (as of the end of each fiscal year):

	Triple-A Average	Planning Level	2011	2012	2013	2014	2015
Debt Service to Prior Year Receipts	NA*	7.0%	**8.0%**	7.5%	7.3%	6.9%	7.0%
Debt Service to Current Year Receipts	NA*	NA	**7.3%**	7.3%	7.0%	6.7%	6.7%
Debt to Personal Income	2.9%	3.5%	**2.8%**	2.7%	2.5%	2.4%	2.3%
Debt per Capita	$1,158	$1,200	$932	**$938**	$921	$905	$886
Debt to Actual Value	----	na	**0.9%**	0.9%	0.9%	0.8%	0.8%

Peak debt ratios are shown in bold; based on debt outstanding at the end of the year.
** Georgia's constitutional debt limit is for both general obligation and guaranteed revenue debt, the highest aggregate annual debt service requirements, including proposed debt, for the current year or any subsequent year, cannot exceed 10 percent of*

the prior year's total treasury receipts. In addition, 10 percent is the standard used by rating agency analysts as a warning level that should not be exceeded, as a greater percentage could place too heavy a fixed-cost burden on the budget, thereby limiting fiscal flexibility.

Based on the decline of state treasury receipts during 2008, 2009, and 2010, projected growth rates of treasury receipts (beginning in 2011), population, per capita income, and property valuation, the projected debt issuance results in both the ratio of Debt Service to Prior Year Treasury Receipts and the ratio of Debt Service to Current Year Receipts peaking in 2011 at highs of 8.0 percent and 7.3 percent respectively, the ratio of Debt to Personal Income peaking in 2011 at 2.8 percent, the ratio of Debt per Capita peaking in 2012 at $938, and the ratio of Debt to Actual Value maintains constant at 0.9 percent, until declining to 0.8% in 2014. With these projected levels of additional debt issuance and interest rate assumptions, the State will exceed the planning level for the Debt Service to Prior Year Receipts beginning in 2011 and will stay above the planning level through 2013. All other ratios are well below the established planning levels.

Impact of GARVEE Debt

The State's GARVEE program began with the issuance of $500 million of GARVEEs in August 2006 as part of the Governor's Fast Forward Congestion Relief Program; $450 million was issued as fixed rate bonds and $50 million was issued in a commercial paper mode. The State structured the initial GARVEE bonds with a final maturity not to exceed 12 years, and the master trust indenture established an additional bonds test whereby the amount of obligation authority available must be equal to at least 3.0 times the maximum annual debt service on all outstanding and proposed GARVEE debt for additional debt to be issued on parity with the previously issued debt. In fiscal years 2008 and 2009, two additional series, totaling $600,000,000 each of GARVEE bonds were issued; the commercial paper was retired as part of the bonds issued in 2008. Both the 2008 and 2009 bonds were issued pursuant to the master trust indenture and were structured with a final maturity of 12 years. GARVEE bonds are secured solely by Federal highway grant revenues and reimbursements and do not carry either a direct or implied guarantee of the State. All of the State's GARVEE bond issues have received Aa2/AA-/AA- ratings from Moody's Investors Service, Standard & Poor's Ratings Service and FitchRatings, respectively. The following table summarizes the debt service requirements on issued GARVEE bonds (note: currently no additional GARVEE bonds are projected to be issued by 2014), projected obligation authority, and debt service coverage ratios:

(Thousands)	2011	2012	2013	2014	2015
GARVEE Bonds Issued	$0	$0	$0	$0	$0
Debt Service Requirements	$185,242	$185,195	$185,711	$185,244	$185,245
Projected Obligation Authority	$1,706,000	$1,507,000	$1,571,000	$1,595,000	$1,635,000
Debt Service Coverage Ratios	9.21x	8.14x	8.46x	8.61x	8.83x

Currently, the three rating agencies differ in their treatment of GARVEE debt--both Fitch and Moody's Investors Service include GARVEE debt in their calculations of net tax-supported debt while Standard & Poor's does not include it. Given the anticipated size of the program, and that Moody's Investors Service and Fitch include GARVEE debt in their calculations of tax-supported debt, the State believes it is important to analyze the effect that GARVEE debt will have on the debt ratios. Based on the currently outstanding and projected issuances of debt by the State, the following table summarizes the total projected amount of debt outstanding, inclusive of general obligation debt, guaranteed revenue debt, and GARVEE debt.

(Thousands)	2011	2012	2013	2014	2015
Debt at Beginning of Year	$10,567,780	$10,861,905	$10,984,935	$10,862,005	$10,746,625
G.O. & G.R.B. Issuances	1,188,575	1,050,000	800,000	800,000	800,000
GARVEE Issuances	0	0	0	0	0
Scheduled/Early Retirements	(894,450)	(926,970)	(922,930)	(915,380)	(957,130)
Debt at End of Year	10,861,905	10,984,935	10,862,005	10,746,625	10,589,495
Highest Annual Debt Service (Issued and Unissued)	1,488,339	1,513,068	1,513,646	1,507,034	1,549,155

Given the economic and demographic assumptions previously presented, for the calculation of the debt service to receipts ratios shown below projected Federal highway reimbursements have been included in receipts. Federal reimbursements are projected based on the fiscal year 2011 obligation limitation and applying a growth rate of approximately 1.025 percent per year. The federal reimbursements include all Federal Highway Administration reimbursements received by the State. The results are as follows:

	Triple-A Average	**Planning Level**	**2011**	**2012**	**2013**	**2014**	**2015**
Debt Service to Prior Year Receipts + Federal Reimbursements	NA	8.0%	**8.6%**	8.0%	7.8%	7.4%	7.4%
Debt Service to Current Year Receipts + Federal Reimbursements	NA	NA	**7.8%**	7.8%	7.5%	7.2%	7.2%
Debt to Personal Income	2.9%	4.0%	**3.1%**	3.0%	2.8%	2.6%	2.4%
Debt per Capita	$1,158	$1,500	**$1,058**	$1,050	$1,019	$989	$956
Debt to Actual Value	----	NA	**1.0%**	1.0%	0.9%	0.9%	0.9%

Peak debt ratios are shown in bold; based on debt outstanding at the end of the year.

As shown in the table above, including the GARVEE bonds in the debt ratio calculations increases the debt burden. All of the five debt ratios peak in 2011. Debt to Personal Income and Debt per Capita ratios remain below the planning levels inclusive of the GARVEE debt as established in the Plan. However, the Debt Service to Prior Year Receipts ratio exceeds or equals the planning level in fiscal years 2011 and 2012, but falls below the planning level for fiscal year 2013 and beyond. At this time, there are no definitive plans for the State to issue additional GARVEE bonds.

Summary

The Plan will assist in ensuring the availability of funding for necessary capital projects required to meet the State's future needs and maintain the balance between the State's demand for capital and the ability and willingness of the State to repay additional debt. In addition, the Plan should assist in the preservation of the State's triple-A bond ratings from all three rating agencies by assuring the rating agencies that the State can fund the capital projects necessary to sustain its economic growth and meet citizen demand for services. The State has established its maximum levels for the debt ratios and will carefully monitor its debt level and ratios and adjust debt issuances if the ratios consistently exceed the target levels. The Plan is updated every year and all assumptions are revisited as needed to most accurately and conservatively measure the State's debt capacity.

Following are tables which summarize the assumptions and resulting debt ratios, based on the currently projected debt issuance schedule for general obligation bonds and guaranteed revenue bonds, and with the inclusion of GARVEE bonds. Additional tables present the outstanding general obligation debt, outstanding revenue debt of State authorities (each authority is shown separately), and the annual appropriation requirements for outstanding debt (with state general funds and motor fuel funds shown separately).

Georgia State Financing and Investment Commission

Projected Debt Levels Without GARVEEs (000's omitted)

	FY 2011	FY 2012	FY2013	FY2014	FY2015
Debt at Beginning of Year (GO & GR)	$ 9,150,930	$ 9,562,555	$ 9,808,145	$ 9,814,145	$ 9,833,295
Remaining From Prior Years Issued	580,450	250,000			
New 5 Year Authorizations Issued	123,170	100,000	100,000	100,000	100,000
New 10 Year Authorizations Issued	50,725				
New 20 Year Authorizations Issued	234,230	700,000	700,000	700,000	700,000
New 20 Year Authorizations (Motor Fuel) Issued	200,000				
Total G.O. Issuances	$ 1,188,575	$ 1,050,000	$ 800,000	$ 800,000	$ 800,000
Scheduled Retirements	(776,950)	(804,410)	(794,000)	(780,850)	(815,980)
Early Retirements / Refundings	-	-	-	-	-
Outstanding Debt at End of Year	$ 9,562,555	$ 9,808,145	$ 9,814,145	$ 9,833,295	$ 9,817,315
Highest Annual Debt Service-Issued	$ 1,281,740	$ 1,327,873	$ 1,327,935	$ 1,321,789	$ 1,363,910
Highest Annual Debt Service-Unissued	21,358	-	-	-	-
Total Highest Annual Debt Service	$ 1,303,097	$ 1,327,873	$ 1,327,935	$ 1,321,789	$ 1,363,910
Total Treasury Receipts (millions)	$ 17,805	$ 18,164	$ 19,053	$ 19,588	$ 20,399
Population (millions)	10.263	10.460	10.661	10.867	11.077
Personal Income (billions)	$ 346	$ 365	$ 387	$ 412	$ 433
Property Valuation (billions)	$ 1,080	$ 1,112	$ 1,146	$ 1,180	$ 1,215
Ratios for 10% Constitutional Limit (based on highest annual debt service for both issued and unissued debt)					
Debt service to Prior Year Receipts	8.0%	7.5%	7.3%	6.9%	7.0%
Debt service to Current Year Receipts	7.3%	7.3%	7.0%	6.7%	6.7%
Ratios for Outstanding Principal at the End of the Fiscal Year, Issued Debt Only					
Debt to Personal Income	2.8%	2.7%	2.5%	2.4%	2.3%
Debt per Capita	$932	$938	$921	$905	$886
Debt to Estimated Actual Value	0.9%	0.9%	0.9%	0.8%	0.8%

Georgia State Financing and Investment Commission

Projected Debt Levels Including GARVEEs (000's omitted)

	FY 2011	FY 2012	FY2013	FY2014	FY2015
Debt at Beginning of Year (GO, GR & GARVEE)	$ 10,567,780	$ 10,861,905	$ 10,984,935	$ 10,862,005	$ 10,746,625
Remaining From Prior Years Issued	580,450	250,000			
New 5 Year Authorizations Issued	123,170	100,000	100,000	100,000	100,000
New 10 Year Authorizations Issued	50,725				
New 20 Year Authorizations Issued	234,230	700,000	700,000	700,000	700,000
New 20 Year Authorizations (Motor Fuel) Issued	200,000				
Total G.O. Issuances	$ 1,188,575	$ 1,050,000	$ 800,000	$ 800,000	$ 800,000
Scheduled Retirements	(894,450)	(926,970)	(922,930)	(915,380)	(957,130)
Early Retirements / Refundings	-	-			
Outstanding Debt at End of Year	$ 10,861,905	$ 10,984,935	$ 10,862,005	$ 10,746,625	$ 10,589,495
Highest Annual Debt Service-Issued	$ 1,466,982	$ 1,513,068	$ 1,513,646	$ 1,507,034	$ 1,549,155
Highest Annual Debt Service-Unissued	21,358	-	-	-	-
Total Highest Annual Debt Service	$ 1,488,339	$ 1,513,068	$ 1,513,646	$ 1,507,034	$ 1,549,155
Total Treasury Receipts (millions)	$ 17,805	$ 18,164	$ 19,053	$ 19,588	$ 20,399
Estimated Federal Reimbursements (millions)	1,161	1,181	1,201	1,221	1,221
Total Revenues (millions)	$ 18,966	$ 19,345	$ 20,254	$ 20,810	$ 21,620
Population (millions)	10.263	10.460	10.661	10.867	11.077
Personal Income (billions)	$ 346	$ 365	$ 387	$ 412	$ 433
Property Valuation (billions)	$ 1,080	$ 1,112	$ 1,146	$ 1,180	$ 1,215
Ratios for 10% Constitutional Limit (based on highest annual debt service for both issued and unissued debt)					
Debt service to Prior Year Receipts Plus Federal Reimbursements	8.6%	8.0%	7.8%	7.4%	7.4%
Debt service to Current Year Receipts Plus Federal Reimbursements	7.8%	7.8%	7.5%	7.2%	7.2%
Ratios for Outstanding Principal at the End of the Fiscal Year, Issued Debt Only					
Debt to Personal Income	3.1%	3.0%	2.8%	2.6%	2.4%
Debt per Capita	$1,058	$1,050	$1,019	$989	$956
Debt to Estimated Actual Value	1.0%	1.0%	0.9%	0.9%	0.9%